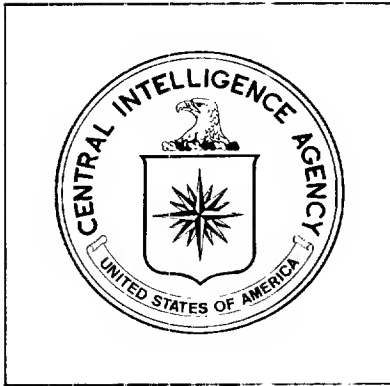


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Latin American Trends

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LATIN AMERICAN TRENDS

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Argentina: Caving in to Terrorist Pressure

1/2 The Argentine government has again acceded to union pressure, which now includes the very real threat of industrial terrorism, in granting a major wage hike. This action highlights the Peron administration's continued failure to come to terms with labor, its major supporter, and it destroys the agreement that Economy Minister Cafiero made last week with Peronist business and labor leaders to tie salaries to increases in productivity.

1/2 The very name "social truce" given to the agreement implies that there were no illusions about the intense conflict of interests generated by rapidly escalating inflation and other major economic problems. It would now seem that labor leaders responded to Cafiero's appeal without consulting their rank and file supporters, who would have been barred by the agreement from striking for six months and forced to forego cost-of-living wage increases which in many cases had been negotiated months ago.

2 Another complicating factor is the upsurge in industrial terrorism. The recent kidnaping of the production manager of the Mercedes Benz assembly plant is illustrative and may be only a hint of violence to come. Since October 8, some 4,000 workers at the plant have been striking on demands that go far beyond cost-of-living wage adjustments. They want laid-off workers to be reinstated and their union to be allowed to reorganize itself democratically. The company could probably have settled with the workers long ago if they had not also been challenging the authority of the externally imposed union leaders--a factor that is fundamental to Peronist doctrine and over which the company has no control. So far the guerrilla kidnapers have refused to discuss the terms of release until the

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strike is settled, dismissed workers are reinstated and all employees are paid for their weeks on strike.

2 This is not an isolated incident. It appears that the Peronist leftist Montoneros are now active in all industrial centers of Argentina. Recently Ricardo Balbin, the major political opposition leader, took note of the situation by saying "the guerrillas are in the factories."

1 + 2 The abrogation of the social truce thus constitutes a defeat for union leaders as well as the government. The labor movement is being radicalized under them, and it may be only a matter of time before the middle class labor hierarchy is completely ignored or deposed by the mass of workers. Under Maria Estela Peron the government has shifted too far to the right for too long for Peronism to retain the ideological appeal it acquired under her late husband.
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Bolivia: Banzer Moderates Stand on Sea Outlet

3+4 President Hugo Banzer seems to be backpedaling on his commitment to obtain a seacoast for Bolivia. In a speech before approximately 100 labor coordinators at the Quemada Palace on October 31, Banzer denied that he had taken an intransigent stand on the sea route issue. Instead, he said that his commitment was to seek such a route "persistently."

2 Early in October, while in New York to plead Bolivia's case before the United Nations, Banzer in a press interview expressed his "complete optimism" concerning Bolivia's early success in obtaining a sovereign outlet to the sea. Despite Banzer's public utterances, the Chilean Foreign Minister still holds the position that formal negotiations have not begun.

4+1 Banzer's new approach to Bolivia's long-standing foreign policy goal will not sit well with ultranationalists in the armed forces, but there is no evidence of plotting within the military and Banzer now seems more secure than at any time during his four-year presidency. Some military officers have indicated to US embassy officials that the word 'sovereignty' could be interpreted to mean exclusive control of an outlet to the sea for an extended period of time. If this view can be sold to most of the officer corps, Banzer's chances of negotiating a solution to the problem will be greatly enhanced. (CONFIDENTIAL)

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Chile: Promotion Problems

3
Command changes and retirements in the Chilean army, announced last Wednesday, may provide clues to President Pinochet's relations with restive officers. Although armed forces unity has not been a serious problem, Pinochet appears to be using the normal re-assignment process to strengthen his own support and weaken potential challengers. He must move carefully, however, lest he step on too many toes and create new animosities in the process.

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1, 2, 3
The primary target of the present army shuffle appears to be defense staff chief General Arellano, a widely popular officer and the most likely potential political challenger to the President. Already, several generals close to Arellano have been removed and, [REDACTED] Pinochet has requested Arellano's resignation. The request followed Arellano's refusal to accept an ambassadorial post--an obvious demotion. The status of Pinochet's reported request remains unclear but, because of Arellano's popularity, his forced ouster probably would cause division within his service.

1, 2, 3
Possibly in preparation for a move to force Arellano out, Pinochet has shifted his former military attache in Washington to head the key Santiago second division; the ex-attache is a long-time presidential confidant.

3
Occasional friction has surfaced within the junta over Pinochet's policies and his tendency to exercise power exclusively. Suspicions about these latest army moves may renew tensions and possibly erode some of his support in the military. (CONFIDENTIAL/NOFORN)

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Venezuela: Union Election Postscript

The governing Democratic Action Party (AD) won a narrow victory over four leftist party slates in elections for the leadership of SUTRAHIERRO, the single union that now represents the country's iron workers.

1 + 2
AD won the two principal positions on the nine-member executive committee--secretary general and organization secretary--but failed to gain a majority on the committee or in any of the district union councils or the important disciplinary committee. The leftist Movement of the Revolutionary Left (MIR) and the Movement Toward Socialism (MAS) placed second and third respectively. Both parties can be considerably encouraged by the election results. They succeeded in their year-long massive effort to gain a foothold among the workers of the Guayana Iron Mining Region and to capitalize on the hard feelings generated by the government's tough handling of wildcat strikes in January and May.

AD leaders, although publicly pleased with the election results, still lack the firm control over the union that they need to prevent a repetition of the labor disputes that have disrupted production this year. Both MIR and MAS are in a strong position now to encourage labor unrest in the industry if they choose. A first test of the government's control over the workers will occur in 1976 when the new union leaders renegotiate working contracts. (CONFIDENTIAL)

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A New Defense Force for the Bahamas?

1 In his speech to the opening session of the convention of the ruling Progressive Labor Party in Nassau last week, Prime Minister Lynden O. Pindling put on public record his party's aspirations for the Commonwealth over the next decade. The prime minister covered the Bahamian waterfront, touching on foreign policy goals, economic matters, and problems related to the defense of the island nation.

1 One of the major topics he discussed was the establishment of a "People's Defense Force" to preserve national security while at the same time promoting national development. He made clear that he is not worried about a military attack, but does fear an economic one: "Bahamians have seen, in most recent times, how our economic security could be very easily threatened and we have come to appreciate more fully how little we would be able to do if there was an actual confrontation." This is obviously a reference to the recent--and still unresolved--lobster dispute with US-based fishermen.

1.2 The proposed defense force would be responsible for patrolling sea lanes through or bordering on Bahamian waters, and for combatting such illegal activities as smuggling and violations of Bahamian fishing regulations. The force, however, would also be designed to provide emergency relief services in the event of a natural disaster.

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3 Pindling's concept would require a considerable expansion of present law enforcement facilities. The Royal Bahamas Police Force consists of only 930 members with a reserve of 125. The police have only five small boats to patrol 100,000 square miles of ocean. The prime minister gave no hint as to the size of the proposed force or how it would be financed. (CONFIDENTIAL)

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Surinam: Deadlock Broken

3 The political deadlock that handcuffed Surinam's Staten (parliament) for a month and a half has been broken and it now appears that the November 25th date for independence will be met.

3 The latest threat to the independence timetable began in late August when three legislators from Minister-President Arron's predominantly black National Party Coalition (NPK) bolted to the opposition (see Latin American Trends, September 10, 1975). Neither the government nor the opposition Hindustani Reformed Party (VHP) could then muster a majority, and VHP leader Jagernath Lachmon ordered his party to boycott the Staten to slow the pace of independence.

1 A major breakthrough came in mid-October when George Hindori, a prominent VHP member, revolted against Lachmon's obstructionist tactics. He announced that he would cooperate with the government at least long enough to form a quorum that would permit the Staten to convene to enact necessary pre-independence legislation, the most important of which is a new constitution. Hindori's action ended the possibility that Arron's government would be voted down, which would have necessitated an election before independence with the attendant likelihood of heightened racial tension and perhaps civil disturbances.

2
3 Meanwhile, in the Netherlands last week the Dutch parliament decisively approved without amendments or conditions a bill to grant independence to Surinam. This was done despite strong criticism of the policies of the Arron government by a VHP delegation that attended the procedural debate in The Hague.

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Cuban Chronology for October 1975

- October 1 - EFE carries item stating that Honduras and Cuba will shortly begin discussions aimed at resuming commercial and diplomatic relations.
- October 2 - The Cuban-Spanish Friendship Association in Havana releases a statement of protest regarding the execution of five alleged terrorists.
- October 6 - Christine Walevska, a cellist from Los Angeles, arrives in Cuba at the invitation of Fidel Castro. She is the first US musician to give concerts in Cuba since the revolution.
- October 7 - President Dorticos receives new Mexican ambassador to Cuba, Celso Delgado Ramirez.
- October 8 - A Cuban labor delegation arrives in Panama to attend a workers' congress.
- Ambassador Alarcon tells the UNGA: Cuban solidarity with Puerto Rico is not a negotiable issue; it is Cuba's duty to give "effective" support to the Popular Movement for the Liberation of Angola.
- October 9 - CEMA party secretaries and deputy premiers meet in Moscow. Antonio Perez Herrero and Belarmino Castilla Mas attend for Cuba.
- October 11 - Cuba and USSR sign sugar industry cooperation agreement.

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3 Political maneuvering and hard bargaining still lie ahead as the United Hindustani Reformed Party attempts to obtain legal guarantees to safeguard the rights of the East Indian community. The resignation of Lie Kong Fong, one of the three defectors from Arron's coalition in August, will help the government by providing it with a slim parliamentary majority.
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- October 12 - Kim Il-song receives Cuban Communist Party delegation headed by Guillermo Garcia Frias to the 30th anniversary of the founding of the Korean Workers Party.
- Cuba and Canada sign a civil air agreement.
- October 14 - Foreign Trade Minister Marcelo Fernandez Font arrives in Panama as head of the Cuban delegation to the SELA meeting.
- October 15 - Soviet-Cuban intergovernmental commission for Economic and Scientific-Technical Cooperation meets in Moscow. Cuban-Soviet trade to increase more than 30 percent this year.
- Party delegation headed by Guillermo Garcia Frias arrives in Mongolia. A cooperation agreement is signed on October 17.
- October 16 - The Cuban government rejects the request of 30 Chilean leftists for asylum in Cuba.
- Panamanian National Guard delegation headed by Lt. Col. Armando Contreras arrives in Cuba.
- October 18 - Celia Sanchez heads the departing Cuban delegation to the women's World Congress held in East Berlin October 20-27; Velma Espin, already in East Berlin, will act as chief of the Cuban representatives.
- Cuban trade delegation arrives in Cali, Colombia.

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- October 20 - A Cuban friendship delegation arrives in the Dominican Republic; one of its members is Osvaldo Cardenas, chief of the Caribbean Section of the PCC Central Committee's America Department.
- October 22 - Cuba and Belgium sign bilateral air service agreement.
- October 23 - Manuel Piniero, PCC central committee member and chief of the America Department, arrives in Jamaica as head of the Cuban delegation attending the annual People's National Party congress.
- Draft Cuban Communist Party Platform published in Granma. Main points: strengthen relations with the USSR, promote detente, improve living conditions, and encourage economic integration with Latin America and Caribbean countries.
- October 24 - Bulgarian-Cuban Commission for Economic and Scientific-Technical Cooperation meets in Sofia. Flavio Bravo Pardo heads Cuban delegation.
- October 26 - US Congressman John Breaux (Dem., Louisiana) arrives for a three-day visit with Cuban economic, trade, and agriculture officials.
- October 28 - Castro addresses Cuban athletes returning from Pan American games in Mexico.
- October 29 - Argentine and Cuban officials hold trade talks in Havana.
- Cuba's first resident ambassador to Guyana, Ivan Cesar Martinez Montalvo, presents his credentials. Cuban embassy opens in Georgetown.

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